

**BELLSOUTH**

Suite 900  
1133-21st Street, N.W.  
Washington, D.C. 20036  
202 463-4112  
Fax: 202 463-4198

RECEIVED 1979 JAN 25

AUG 13 1997

[illegible]

Dear Mr. Caton:

This is to inform you that on August 13, 1997, Charles P. Featherstun and Robert T. Blau, both of BellSouth Corporation along with Gary Epstein of Latham and Watkins, representing BellSouth Corporation met with Chairman Reed E. Hundt, John Nakahata and Tom Boasberg. The attached material was used for discussion purposes.

Please associate this notification and accompanying material with the above referenced docket. Any questions concerning this matter should be directed to the undersigned.

Sincerely,

Sincerely,

Don G. Rhoad

**Ben G. Almond**  
Executive Director

Attachment

cc: Chairman Reed E. Hundt  
John Nakahata  
Tom Boasberg

No. of Copies rec'd  
List ABCDE

**AUGUST 13, 1997 MEETING  
WITH  
CHAIRMAN HUNDT**

**THE RECORD SHOWS THAT STRUCTURAL SEPARATION  
REQUIREMENTS ARE NOT NEEDED FOR PCS OR CELLULAR.  
THEREFORE THE COMMISSION SHOULD ELIMINATE THE  
CELLULAR STRUCTURAL SEPARATION REQUIREMENT**

**THE COMMISSION SHOULD ONLY INTERVENE WHERE  
THE MARKET IS NOT FUNCTIONING AND ONLY TO  
THE EXTENT NECESSARY TO ADDRESS THE  
PROBLEM**

**WHILE WE DO NOT BELIEVE THE MARKETPLACE WILL  
MALFUNCTION WITHOUT COMMISSION  
INTERVENTION, WE BELIEVE THAT, IF IT ACTS, THE  
COMMISSION SHOULD LIMIT ITS INTERVENTION TO  
NON-STRUCTURAL SAFEGUARDS**

**AS THE COMMISSION HAS FOUND, SUCH NON-  
STRUCTURAL SAFEGUARDS ARE LESS COSTLY AND  
HAVE PROVEN ADEQUATE IN MANY OTHER  
CONTEXTS**

**CPE, INFORMATION SERVICES; PAGING, NON-  
LEC CELLULAR**

**INDEED, THE FCC HAS CONDUCTED A COST BENEFIT  
ANALYSIS IN THE PCS CASE AND EXPRESSLY FOUND  
THAT NON-STRUCTURAL SAFEGUARDS WILL BE  
SUFFICIENT PROTECTIONS**

**WE ARE NOT LIMITED TO MERE THEORY, HOWEVER.  
NOT ONLY IS THE RECORD IN THIS CASE VOID OF  
ANY BASIS FOR CHANGING THE EARLIER FINDINGS  
ABOUT PCS, IT CONTAINS ACTUAL HISTORY  
ESTABLISHING THAT THE COMMISSION'S TWO  
CONCERNS ( POSSIBLE DISCRIMINATION AND CROSS-**

**CONCERNS ( POSSIBLE DISCRIMINATION AND CROSS-SUBSIDY) ARE NOT OCCURRING UNDER THE PCS RULES**

**THE NUMBER OF SIGNED AND APPROVED INTERCONNECTION AGREEMENTS BETWEEN LECs AND PCS LICENSEES DEMONSTRATES THAT THE LECs ARE OFFERING NONDISCRIMINATORY INTERCONNECTION THE CURRENT COST ACCOUNTING RULES ADEQUATELY AVOID CROSS-SUBSIDY.**

**IN LIGHT OF THIS RECORD, IT WOULD BE INAPPROPRIATE TO IMPOSE NEW, COSTLIER REGULATION ON LECs WHO RELIED ON THE COMMISSION'S EARLIER PCS DECISION IN BIDDING FOR THEIR LICENSES**

**THE SIXTH CIRCUIT CALLED FOR PARITY BETWEEN PCS AND CELLULAR, SO THE COMMISSION SHOULD TREAT THE BOCS' CELLULAR LIKE PCS**

**THUS, THE COMMISSION SHOULD LIFT THE STRUCTURAL REQUIREMENTS ON BELLSOUTH'S CELLULAR OFFERINGS**

**THERE IS A NEED TO ACT NOW**

**WE PLAN ON USING THE D AND E BLOCKS TO FILL IN SOME CELLULAR AREAS THIS NECESSITATES OPERATING THEM TOGETHER**

**UNDER CURRENT RULES THIS MEANS HAVING TO OPERATE OUR PCS UNDER THE CELLULAR RULES**

**IF THE COMMISSION IMPOSES OPTION 2 STRUCTURAL SEPARATION OBLIGATIONS, IT SHOULD ADOPT A SUNSET OF NO MORE THAN TWO YEARS**

**THE COMMISSION HAS RECOGNIZED THAT ALL FORMS  
OF STRUCTURAL SEPARATIONS IMPOSE THE COSTS  
OF LOST EFFICIENCY ON CONSUMERS**

**GIVEN THE ABSENCE OF A STRONG RECORD  
REQUIRING COMMISSION INTERVENTION INTO THE  
MARKET, THE COMMISSION SHOULD REFRAIN FROM  
IMPOSING COSTLY REQUIREMENTS ANY LONGER  
THAN NECESSARY**

**BY IMPOSING A SUNSET, THE COMMISSION WILL AVOID  
THE COSTS AND DELAY OF A NEW RULEMAKING TO  
ELIMINATE THE OPTION 2 RULES**

**SUCH A SUNSET:**

**WOULD BE CONSISTENT WITH CONGRESS'  
ACTION IN THE TELECOM ACT;  
WOULD CONSERVE COMMISSION RESOURCES AND  
THOSE OF THE INDUSTRY;  
WOULD ADD CERTAINTY TO THE MARKET;  
WOULD INCENT PCS COMPANIES TO BRING THEIR  
SERVICES TO MARKET AS SOON AS POSSIBLE;  
WOULD STILL PERMIT THE FCC TO EXTEND THE  
REQUIREMENT IF SOMEONE COULD ESTABLISH A NEED TO  
DO SO.**